

AMENDED IN SENATE MAY 1, 2007

SENATE BILL

No. 660

Introduced by Senator Perata

February 23, 2007

~~An act relating to renewable energy resources. An act to add Division 25.6 (commencing with Section 38600) of the Health and Safety Code, relating to environmental protection.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 660, as amended, Perata. ~~Renewable energy resources; supplemental energy payments. Strategic Clean Technology and Climate Change Research, Development, and Demonstration.~~

The existing California Global Warming Solutions Act of 2006 requires the State Air Resources Board (state board) to adopt regulations to require the reporting and verification of emissions of greenhouse gases and to monitor and enforce compliance with the reporting and verification program, and requires the state board to adopt a statewide greenhouse gas emissions limit equivalent to the statewide greenhouse gas emissions levels in 1990 to be achieved by 2020. The act requires the state board to adopt rules and regulations in an open public process to achieve the maximum technologically feasible and cost-effective greenhouse gas emission reductions.

This bill would establish the Strategic Clean Technology and Climate Change Research, Development, and Demonstration Program, to be administered by the Resources Agency, to coordinate expenditures of state research, development, and demonstration by state agencies. The bill would establish the Strategic Research Investment Council and would prescribe the composition of that council. The bill would require the council, on or before March 1, 2008, and annually thereafter, to

prepare and adopt a strategic research, development, and demonstration plan that establishes priorities, and identifies key expenditure categories, for funds to be expended by state agencies represented on the council for the following fiscal year. The plan would be required to identify the amounts and types of expenditures under specified categories. Expenditures by a state agency that is represented on the council would be required to be consistent with the plan adopted by the council.

~~The Public Utilities Act imposes various duties and responsibilities on the Public Utilities Commission with respect to the purchase of electricity and requires the commission to review and adopt a procurement plan and a renewable energy procurement plan for each electrical corporation pursuant to the California Renewables Portfolio Standard Program (RPS program). The RPS program requires that a retail seller of electricity, including electrical corporations, community choice aggregators, and electric service providers, but not including local publicly owned electric utilities, purchase a specified minimum percentage of electricity generated by eligible renewable energy resources, as defined, in any given year as a specified percentage of total kilowatthours sold to retail end-use customers each calendar year.~~

~~Existing law requires the State Energy Resources Conservation and Development Commission (Energy Commission) to certify eligible renewable energy resources, to design and implement an accounting system to verify compliance with the renewables portfolio standard by retail sellers, and to allocate and award supplemental energy payments to cover above-market costs of purchasing electricity from renewable energy resources.~~

~~This bill would state the intent of the Legislature to enact legislation to reform the awarding of supplemental energy payments pursuant to the RPS program to accomplish certain objectives.~~

Vote: majority. Appropriation: no. Fiscal committee: ~~no~~ yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Division 25.6 (commencing with Section 38600)
- 2 is added to the Health and Safety Code, to read:

*DIVISION 25.6. STRATEGIC CLEAN TECHNOLOGY AND
CLIMATE CHANGE RESEARCH, DEVELOPMENT, AND
DEMONSTRATION*

38600. The Legislature finds and declares as follows:

(a) California is a world leader in efforts to reduce greenhouse gases, to assess and mitigate the effects of climate change, and to promote clean alternative technologies to improve the state's economy and the protection of public health and the environment.

(b) California currently spends hundreds of millions of dollars in research funds for air quality, transportation, electricity, natural gas, water, and other types of research, development, and demonstration. As a general matter, these expenditures are made in an uncoordinated fashion.

(c) Given the state's leadership role in climate change, clean energy, and environmental and public health protection, there is an urgent need to establish a coordinated and integrated strategic research, development, and demonstration program within state government.

38601. For the purposes of this division, the following definitions apply:

(a) "Council" means the Strategic Research Investment Council established pursuant to Section 38603.

(b) "Funds" means research, development, and demonstration funds expended for clean technology, environmental protection, or public interest energy research by the State Air Resources Board, the State Energy Resources Conservation and Development Commission, the Public Utilities Commission, the Secretary of the California Environmental Protection Agency, and the Secretary of the Resources Agency.

38602. The Strategic Clean Technology and Climate Change Research, Development, and Demonstration Program is hereby established, which shall be administered by the Resources Agency. The program shall coordinate expenditures of state research, development, and demonstration funds by state agencies.

38603. The Strategic Research Investment Council is hereby established and shall consist of the following members:

(a) The Secretary of the California Environmental Protection Agency.

(b) The Secretary of the Resources Agency.

1 (c) *The chairpersons of the State Air Resources Board, the State*
2 *Energy Resources Conservation and Development Commission,*
3 *and the president of the Public Utilities Commission.*

4 (d) *A Member of the Senate, who shall be appointed by the*
5 *Senate Committee on Rules.*

6 (e) *A Member of the Assembly, who shall be appointed by the*
7 *Speaker of the Assembly.*

8 38604. *On or before March 1, 2008, and annually thereafter,*
9 *the council shall prepare and adopt a strategic research,*
10 *development, and demonstration plan that establishes priorities,*
11 *and identifies key expenditure categories, for funds to be expended*
12 *by state agencies represented on the council for the following fiscal*
13 *year. The plan shall identify the amounts and types of expenditures*
14 *under the following categories:*

15 (a) *Funds that will be expended to assist in bringing California*
16 *clean technologies into the marketplace and that provide*
17 *quantifiable reductions in emissions of greenhouse gases in order*
18 *to assist the state in meeting its climate change goals.*

19 (b) *Funds that will be expended by agencies to identify the*
20 *causes, effects, and to mitigate those effects, of climate change.*

21 (c) *Funds that will be expended to conduct any other research,*
22 *development, or demonstration activities.*

23 38605. *The council shall hold duly noticed public meetings*
24 *and workshops prior to adoption of the plan in order to solicit*
25 *comments from the public on research priorities.*

26 38606. *Expenditures made by a state agency that is represented*
27 *on the council shall be consistent with the plan adopted pursuant*
28 *to Section 38604.*

29 38607. *The Member of the Senate and the Member of the*
30 *Assembly appointed pursuant to Section 38603 may participate*
31 *on the council to the extent that participation is not inconsistent*
32 *with their respective offices as Members of the Legislature.*

33 ~~SECTION 1. It is the intent of the Legislature to enact~~
34 ~~legislation to reform the awarding of supplemental energy~~
35 ~~payments pursuant to the renewables portfolio standard program,~~
36 ~~to accomplish all of the following:~~

37 ~~(a) Streamline the approval of contracts executed by a retail~~
38 ~~seller for the purchase of electricity generated by an eligible~~
39 ~~renewable energy resource, as defined in Section 399.12 of the~~
40 ~~Public Utilities Code, that involve above-market costs.~~

1 ~~(b) Ensure that the above-market costs awarded for the purchase~~
2 ~~of electricity generated from an eligible renewable energy resource~~
3 ~~can be relied upon in obtaining project financing.~~

4 ~~(c) Minimize unnecessary delays and duplicative reviews by~~
5 ~~the State Energy Resources Conservation and Development~~
6 ~~Commission and the Public Utilities Commission in the awarding~~
7 ~~of supplemental energy payments.~~

8 ~~(d) Continue meaningful ratepayer protections through limits~~
9 ~~on the total costs of meeting the renewable energy goals established~~
10 ~~pursuant to Article 16 (commencing with Section 399.11) of Part~~
11 ~~1 of Division 1 of the Public Utilities Code.~~